

Notice of Meeting:

I hereby give notice that an extraordinary meeting of the Dunedin City Council will be held on:

Date: Thursday 6 April 2023
Time: 9.00 am
Venue: Council Chamber, Dunedin Public Art Gallery, The Octagon,
Dunedin

Sandy Graham
Chief Executive Officer

**Extraordinary Council
PUBLIC AGENDA**

MEMBERSHIP

Mayor
Deputy Mayor

Mayor Jules Radich
Cr Sophie Barker

Members

Cr Bill Acklin	Cr David Benson-Pope
Cr Christine Garey	Cr Kevin Gilbert
Cr Carmen Houlahan	Cr Marie Laufiso
Cr Cherry Lucas	Cr Mandy Mayhem
Cr Jim O'Malley	Cr Lee Vandervis
Cr Steve Walker	Cr Brent Weatherall
Cr Andrew Whiley	

Senior Officer

Sandy Graham, Chief Executive Officer

Governance Support Officer

Lynne Adamson

Lynne Adamson
Governance Support Officer

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Note: Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

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1 PUBLIC FORUM

There will be no public forum.

2 APOLOGIES

An apology has been received from Cr Andrew Whiley.

That the Council:

Accepts the apology from Cr Andrew Whiley.

DECLARATION OF INTEREST

EXECUTIVE SUMMARY

1. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.
2. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.
3. Staff members are reminded to update their register of interests as soon as possible.

RECOMMENDATIONS

That the Council:

- a) **Notes/Amends** if necessary the Elected Members' Interest Register attached as Attachment A; and
- b) **Confirms/Amends** the proposed management plan for Elected Members' Interests.
- c) **Notes** the Executive Leadership Team Members' Interest Register.

Attachments

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↵B	Executive Leadership Team Register of Interest	14

Councillor Register of Interest - Current as at 29 March 2023				
Councillors are members of all committees				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Mayor Jules Radich	Shareholder	Izon Science Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Taurikura Drive Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Golden Block Developments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Cambridge Terrace Properties Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Southern Properties (2007) Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Arrenway Drive Investments Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Centre Holdings Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	IBMS Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Raft Holdings Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Otago Business Coaching Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Effectivise Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Athol Street Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Allandale Trustee Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Aberdeen St No2 Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Road Safety Action Plan	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	100% Shareholder/Director	Panorama Developments Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Council of Social Services (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Sector Steering Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Member	Dunedin Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
Member	Local Government New Zealand (Zone 6 Committee) (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Connecting Dunedin (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Bill Acklin	Shareholder/Director	Dunedin Brokers Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	APRA - AMCOS	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Entertainer	Various functions	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Strath Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitū Otago Settlers Museum Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Sophie Barker	Director	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Property Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Beneficiary	Sans Peur Trust (Larnach Castle)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Mentor	Business Mentors NZ	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Southern Heritage Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Friends Otago Museum	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Orokonui Ecosanctuary	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Volunteer	Blue Penguins Pukekura	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Vegetable Growers Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Otago Anniversary Day Dinner	No conflict Identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Dunedin Heritage Fund (Council Appointment)	No conflict Identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Gasworks Museum Trust (Council Appointment)	No conflict Identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Otaru Sister City Society (Council Appointment)	No conflict Identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cone Trust (Council Appointment)	No conflict Identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand (Zone 6 Committee) (Council Appointment)	No conflict Identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

REPORTS

DUNEDIN CITY COUNCIL ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report asks the Council to approve and adopt the Annual Report for the Dunedin City Council for the financial year ended 30 June 2022.
- 2 Audit New Zealand provided audit clearance on Thursday 30 March 2023.
- 3 A draft audit report for the year ended 30 June 2022 is provided at Attachment G. It includes the following items:
 - Three Waters Valuation 30 June 2021 – there is a qualification on this valuation and the current year impact on the revaluation uplift.
 - Statement of Service Performance qualification relating to the categorisation of complaints about water, stormwater and wastewater as provided by the Council’s after-hours provider Palmerston North City Council.
 - Statement of Service Performance qualification relating to the metric for building consent processing timeframes.
 - Emphasis of matter – Government’s three waters reform.
- 4 The first two qualifications are carried over from the 2021 annual report. The third qualification is new and relates to reporting on the processing of building consents within statutory timeframes.
- 5 During October/November 2021, International Accreditation New Zealand (IANZ) conducted an audit of Building services. The audit found that we were accepting all applications on the date of receipt, instead of only accepting applications that were complete (based on a non-technical review). As a result, the number of days counted to process some of our building consents has been too high, and the reported percentage of compliance with statutory timeframes for processing has been too low. After 8 December 2021, we implemented a revised methodology for calculating the number of days to process a building consent, to ensure reporting is correct. This change was not applied retrospectively back to the start of the year.
- 6 Audit New Zealand were unable to validate the % compliant within their materiality. As noted above it is likely the DCC reported figure of 81.8% was lower than it should be. However even if the % was higher, the measure would still be reported as “not achieved” as the target is 100%.

- 7 The emphasis of matter related to the government three waters reform programme and the establishment of the four publicly owned water service entities. The opinion noted that the entities will take over responsibility for three waters service delivery and infrastructure from local authorities from 1 July 2024.
- 8 The Annual Report (draft prior to audit clearance) was considered by the Audit and Risk Subcommittee on Thursday 23 March 2023, and the following motions passed:

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

- a) **Recommends** that Council approves and adopts the Dunedin City Council Annual Report for the year ended 30 June 2022 as presented, following final clearance from Audit New Zealand.
- b) **Recommends** that the Mayor and CEO sign the Representation Letter for the year ended 30 June 2022 subject to receipt of a corresponding representation letter signed by management.
- c) **Delegates** the Chairperson of the Audit and Risk Subcommittee to review the final audit changes made to the Dunedin City Council Annual Report for the year ended 30 June 2022.

Motion carried (AR/2023/010)

RECOMMENDATIONS

That the Council:

- a) **Approves** the Dunedin City Council Annual Report for the financial year ended 30 June 2022.
- b) **Delegates** the Chief Executive the authority to make any minor editing required to the approved Annual Report for the year ended 30 June 2022.
- c) **Authorises** the Mayor and Chief Executive to sign the Statement of Compliance and Responsibility on behalf of Council.
- d) **Authorises** the Mayor and Chief Executive to sign the Letter of Representation to the auditor on behalf of Council.
- e) **Receives** the Audit Report on the Annual Report for the year ended 30 June 2022; and
- f) **Adopts** the audited Annual Report for the year ended 30 June 2022.

BACKGROUND

- 9 Each year the Council must prepare an annual report in accordance with section 98 of the Local Government Act 2002. Each annual report must be completed and adopted by resolution within

four months after the end of the financial year to which it relates, and within one month after the adoption, the local authority must make publicly available:

- its annual report; and
- a summary of the information contained in its annual report.

10 Parliament passed legislation to extend this statutory reporting timeframe to 31 December in respect of the 2020/21 and the 2021/22 financial years.

DISCUSSION

11 The Dunedin City Council Annual Report has been delayed due to additional audit work required on the Council's compliance with the drinking water standards and the Three Waters revaluation. A note disclosing this non-compliance has been included in the annual report.

12 This report is of an administrative nature and is of low significance in terms of the Council's significance and engagement policy. Therefore, it is not necessary to include a summary of considerations or options in this report.

NEXT STEPS

13 The annual report will be published and made available on the website of the Dunedin City Council following Council's authorisation and adoption of the report content.

Signatories

Author:	Gavin Logie - Chief Financial Officer
Authoriser:	Sandy Graham - Chief Executive Officer

Attachments

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↓C	Annual Report - Section 3	116
↓D	Annual Report - Section 4	187
↓E	Statement of Compliance & Responsibility	215
↓F	Letter of Representation - Council to Audit NZ	216
↓G	Letter of Representation - Management to Council	223
↓H	Draft Audit Opinion	230

The Council voted by division:

For: Crs Sophie Barker, David Benson-Pope, Rachel Elder, Christine Garey, Marie Laufiso, Mike Lord, Jim O'Malley, Jules Radich, Chris Staynes, Steve Walker, Andrew Whiley and Mayor Aaron Hawkins (12).

Against: Crs Carmen Houlahan and Lee Vandervis (2).

Abstained: Nil

The division was declared CARRIED by 12 votes to 2

Motion carried (CNL/2022/047)

- 4 Capital expenditure for the 2022/2023 financial year has been reported as exceeding budget for a number of months. Staff have worked to slow down the level of activity, however strong delivery is still continuing. Staff do not expect the slow down to take effect until the 2023/24 financial year.
- 5 It is forecast that capital expenditure will now exceed the full year budget which means additional debt funding will be required to ensure Council can meet its commitments as and when they fall due in this financial year.
- 6 This report seeks to increase the approved level of debt with Dunedin City Treasury Limited from \$445.0 million to \$480.0 million, an uplift of \$35.0 million.
- 7 The uplift comprises the following:
 - \$25.5 million - 10% (see February 2023 financial reporting) overspend on total capital expenditure of \$189.472 million, and budgeted savings included in the 2022/2023 budget that won't occur.
 - \$9.5 million – contingency to allow for unforeseen events and/or timing of cash inflows and outflows during the period April to June 2023.
- 8 If the full \$35.0 million of additional debt is required, this will result in increased borrowing costs for the 2023/2024 financial year of \$1.698 million. Staff will prepare an updated 2023/24 annual plan budget in time for deliberations. This will include an updated debt forecast, the draft capital programme for 2023/2024 and the corresponding impact on interest costs. Council will then need to consider options for funding this additional cost.
- 9 The majority of the additional debt is attributable to 3 Waters. This debt will presumably transfer to Entity D as part of the Government's 3 Waters reform programme. There are still matters to be confirmed around transfer of debt, but a meeting on Wednesday 5 April 2023 will likely finalise the approach for the 2022 year. It is anticipated that a similar process will be applied for the 2023/24 year. Staff will be able to provide an update at the Council meeting.

OPTIONS

- 10 There are no options provided. The increase in debt is required to ensure the Council can fund the continued committed delivery of the Capex programme. Once capital works get into the delivery phase, it is difficult to pause works. Without an increase in borrowing, Council will not be able to meet its capex obligations.

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities. This decision promotes the social, economic, environmental and cultural wellbeing of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Delivery of the capital programme contributes to the Council’s strategic priorities and plans.

Māori Impact Statement

Council budgets impact broadly across all Dunedin communities including Māori. The Council is committed to developing ongoing relationships with Māori communities, particularly with mana whenua.

Sustainability

The capital budget for the 2023/2024 year is being recast to sustainable levels and in line with the 10 year plan 2021-31.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

The additional borrowing remains within debt limits as adopted in the Council’s Financial Strategy.

Financial considerations

Financial implications are discussed in the report.

Significance

This decision is considered to be of low significance in terms of the Council’s Significance and Engagement Policy.

Engagement – external

There has been no external engagement.

Engagement - internal

Staff from across council are involved in recasting the budget for the 2023/24 financial year.

Risks: Legal / Health and Safety etc.

There are no identified risks.

SUMMARY OF CONSIDERATIONS

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no implications for Community Boards.